

Ipsen: sales in the fourth quarter and full year 2013

Ipsen reports 2013 specialty care sales in line with objectives and primary care sales above expectations

- **Specialty care sales up 3.0%¹ in 2013**
 - Strong Somatuline[®] sales, up 11.1%¹
 - Solid Dysport[®] sales, up 7.0%¹
 - Decapeptyl[®] sales down 1.9%¹, affected by one-off situation in China
- **Stable¹ Primary care sales in 2013**
 - Slowdown of sales decline in France, down 22.0%¹
 - Dynamic international sales, up 13.6%¹

Paris (France), 28 January 2014 - Ipsen (Euronext: IPN; ADR: IPSEY) today reported its sales for the fourth quarter and the full year 2013.

Consolidated sales IFRS (unaudited)

(in million euros)	4 th Quarter				12 Months			
	2013	2012	% Variation	% Variation at constant currency	2013	2012	% Variation	% Variation at constant currency
SALES BY REGION								
Major Western European countries	121.5	125.2	(3.0%)	(2.6%)	497.3	518.5	(4.1%)	(3.6%)
Other European countries	83.6	76.7	9.0%	12.3%	329.4	306.0	7.6%	9.5%
North America	14.2	18.2	(22.0%)	(18.0%)	64.2	72.8	(11.7%)	(8.7%)
Rest of the world	73.8	74.7	(1.2%)	4.2%	333.9	322.2	3.6%	7.1%
Group Sales	293.0	294.9	(0.6%)	2.0%	1,224.8	1,219.5	0.4%	2.2%
SALES BY THERAPEUTIC AREA								
Specialty care	209.9	210.3	(0.2%)	2.6%	871.1	862.5	1.0%	3.0%
Primary care	77.5	78.0	(0.5%)	2.0%	320.2	324.6	(1.4%)	(0.1%)
Total Drug Sales	287.4	288.2	(0.3%)	2.4%	1,191.3	1,187.0	0.4%	2.1%
Drug-related sales *	5.6	6.6	(15.2%)	(14.3%)	33.5	32.5	3.1%	4.2%
Group Sales	293.0	294.9	(0.6%)	2.0%	1,224.8	1,219.5	0.4%	2.2%

* Active substances and raw materials

Commenting on the full year 2013 sales performance, **Marc de Garidel, Chairman and Chief Executive Officer of Ipsen**, said: *“In 2013, Specialty care sales were up 3.0%¹, driven by the performance of our two growth drivers, Somatuline[®] and Dysport[®], respectively up 11.1%¹ and 7.0%¹. Moreover, Primary care beat expectations, driven by strong international performance and a slowdown of the decline in France.”* **Marc de Garidel** added: *“2013 was marked by key clinical results for the Group with the CLARINET[®] study and the*

¹ Year-on-year growth excluding foreign exchange impacts (see appendix)

Dysport[®] study in spasticity (AUL¹). Additionally, Ipsen confirms its US commitment with the decision to launch Somatuline[®] alone in the GEP NET² indication.”

Highlights of the fourth quarter and full year 2013 sales

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange³ impacts.

In the fourth quarter 2013, Group drug sales were up 2.4%, driven by both specialty care, up 2.6% year-on-year, and primary care, up 2.0% year-on-year.

In the fourth quarter 2013, **Consolidated Group sales** reached €293.0 million, up 2.0% year-on-year.

In the fourth quarter 2013, sales generated in the **Major Western European countries** amounted to €121.5 million, down 2.6% year-on-year.

In the fourth quarter 2013, sales generated in **North America** reached €14.2 million, down 18.0% year-on-year, mainly impacted by the Increlex[®] supply interruption that occurred in mid-June.

In the fourth quarter 2013, sales generated in the **Other European countries** reached €83.6 million, up 12.3% year-on-year.

In the fourth quarter 2013, sales generated in the **Rest of the World** reached €73.8 million, up 4.2% year-on-year.

In 2013, Group drug sales grew 2.1% or 0.4% at current exchange rate.

Consolidated Group sales reached €1,224.8 million in 2013, up 2.2% year-on-year.

In 2013, sales generated in the **major Western European countries** amounted to €497.3 million euros, down 3.6% year-on-year. The growth of specialty care products was more than offset by the consequences of a tougher competitive environment in the French primary care market. Sales in the Major Western European countries represented 40.6% of total Group sales, compared to 42.5% the previous year.

In 2013, sales generated in the **Other European countries** reached €329.4 million, up 9.5% year-on-year, driven by the good performance of Russia where primary care (notably Fortrans[®], Tanakan[®] and Smecta[®]) and specialty care (notably Dysport[®] and Decapeptyl[®]) posted strong growth. Over the period, the supply of Dysport[®] for aesthetic use to Galderma contributed to growth. The Netherlands, Ukraine, Kazakhstan and Turkey notably posted strong performance. Sales in this region represented 26.9% of consolidated Group sales, compared to 25.1% a year earlier.

In 2013, sales generated in **North America** reached €64.2 million, down 8.7%, mainly impacted by the Increlex[®] supply interruption that occurred in mid-June. Restated for the Increlex[®] supply interruption, sales were up 6.3% year-on-year, driven by the strong volume growth and continued penetration of Somatuline[®] in the acromegaly market, by the double-digit growth of Dysport[®] in therapeutics and by the continuous supply of Dysport[®] for aesthetic use to Valeant. Sales in North America represented 5.2% of consolidated Group sales, compared to 6.0% a year earlier.

In 2013, sales generated in the **Rest of the World** amounted to €333.9 million, up 7.1%. During the year, sales were affected by an exceptional political situation in certain Middle Eastern countries where Ipsen, in the absence of payment guarantees, had stopped supplying its products in the second quarter. Moreover, 2013 sales were affected by the performance of Decapeptyl[®] in China, where the product suffered from the disruption of hospital market promotion due to the investigation of certain pharmaceutical companies by local authorities. Sales growth was fuelled by the good performance of primary care in China (notably Smecta[®] and Etiasa[®]) and in Algeria (notably Smecta[®] and Forlax[®]), of Dysport[®] in Brazil, of Somatuline[®] in Australia, and of the Sanofi partnership in Mexico. Over the period, sales in the Rest of the World continued to grow to reach 27.3% of total consolidated Group sales, compared to 26.4% the previous year.

In 2013, sales of **Specialty Care products** reached 871.1 million, up 3.0% year-on-year or 1.0% at current exchange rate. Sales in Neurology and in Endocrinology grew by respectively 7.0% and 4.3%, while sales in Uro-oncology declined 1.2% year-on-year. In 2013, the relative weight of specialty care products continued to increase to reach 71.1% of total Group sales, compared to 70.7% the previous year.

¹ Adult Upper Limb (membres supérieurs chez l'adulte)

² Gastro-entero-pancreatic neuroendocrine tumours

³ See appendix

In 2013, sales of **Primary Care** products amounted to €320.2 million, slightly down 0.1% year-on-year. The strong performance of China, Russia and Algeria, in particular, offset the consequences in France of the launch of a competitive product to Tanakan[®] in March 2013 and of the implementation of the regulation known as “Tiers-Payant¹” in the summer 2012. Primary care sales represented 26.1% of Group consolidated sales in 2013, compared to 26.6% the previous year. Primary care sales in France accounted for 30.1% of the Group’s total primary care sales, compared to 38.1% the previous year.

¹ With the “Tiers-Payant” regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

About Ipsen

Ipsen is a global specialty-driven pharmaceutical company with total sales exceeding €1.2 billion in 2013. Ipsen's ambition is to become a leader in specialty healthcare solutions for targeted debilitating diseases. Its development strategy is supported by 3 franchises: neurology, endocrinology and uro-oncology. Moreover, the Group has an active policy of partnerships. Ipsen's R&D is focused on its innovative and differentiated technological platforms, peptides and toxins. In 2012, R&D expenditure totalled close to €250 million, representing more than 20% of Group sales. The Group has close to 4,900 employees worldwide. Ipsen's shares are traded on segment A of Euronext Paris (stock code: IPN, ISIN code: FR0010259150) and eligible to the "Service de Règlement Différé" ("SRD"). The Group is part of the SBF 120 index. Ipsen has implemented a Sponsored Level I American Depositary Receipt (ADR) program, which trade on the over-the-counter market in the United States under the symbol IPSEY. For more information on Ipsen, visit www.ipсен.com.

Forward Looking Statement

The forward-looking statements, objectives and targets contained herein are based on the Group's management strategy, current views and assumptions. Such statements involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated herein. All of the above risks could affect the Group's future ability to achieve its financial targets, which were set assuming reasonable macroeconomic conditions based on the information available today. Use of the words "believes," "anticipates" and "expects" and similar expressions are intended to identify forward-looking statements, including the Group's expectations regarding future events, including regulatory filings and determinations. Moreover, the targets described in this document were prepared without taking into account external growth assumptions and potential future acquisitions, which may alter these parameters. These objectives are based on data and assumptions regarded as reasonable by the Group. These targets depend on conditions or facts likely to happen in the future, and not exclusively on historical data. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably the fact that a promising product in early development phase or clinical trial may end up never being launched on the market or reaching its commercial targets, notably for regulatory or competition reasons. The Group must face or might face competition from generic products that might translate into a loss of market share. Furthermore, the Research and Development process involves several stages each of which involves the substantial risk that the Group may fail to achieve its objectives and be forced to abandon its efforts with regards to a product in which it has invested significant sums. Therefore, the Group cannot be certain that favourable results obtained during pre-clinical trials will be confirmed subsequently during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safe and effective nature of the product concerned. There can be no guarantees a product will receive the necessary regulatory approvals or that the product will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements. Other risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of pharmaceutical industry regulation and health care legislation; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the Group's ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the Group's patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions. The Group also depends on third parties to develop and market some of its products which could potentially generate substantial royalties; these partners could behave in such ways which could cause damage to the Group's activities and financial results. The Group cannot be certain that its partners will fulfill their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance. The Group expressly disclaims any obligation or undertaking to update or revise any forward looking statements, targets or estimates contained in this press release to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law. The Group's business is subject to the risk factors outlined in its registration documents filed with the French Autorité des Marchés Financiers.

For further information:

Media

Didier Véron

Senior Vice-President, Public Affairs and Communication

Tel.: +33 (0)1 58 33 51 16

Fax: +33 (0)1 58 33 50 58

Email: didier.veron@ipsen.com

Brigitte Le Guennec

Media and Public Relations Officer

Tel.: +33 (0)1 58 33 51 17

Fax: +33 (0)1 58 33 50 58

Email : brigitte.le.guennec@ipsen.com

Financial Community

Pierre Kemula

Vice President, Corporate Finance, Treasury and Financial Markets

Tel.: +33 (0)1 58 33 60 08

Fax: +33 (0)1 58 33 50 63

Email: pierre.kemula@ipsen.com

Stéphane Durant des Aulnois

Investor Relations Officer

Tel.: +33 (0)1 58 33 60 09

Fax: +33 (0)1 58 33 50 63

Email: stephane.durant.des.aulnois@ipsen.com

Thomas Peny-Coblentz

Investor Relations Manager

Tel.: +33 (0)1 58 33 56 36

Fax: +33 (0)1 58 33 50 63

Email: thomas.peny-coblentz@ipsen.com

APPENDICES

Sales excluding foreign exchange impacts

Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts by restating the Q4 and full year 2012 figures with the 2013 exchange rates.

Risk factors

The Group operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The risks and uncertainties set out below are not exhaustive and the reader is advised to refer to the Group's 2012 Registration Document available on its website www.ipsen.com.

- The Group is faced with uncertainty in relation to the prices set for all its products, in so far as medication prices have come under severe pressure over the last few years as a result of various factors, including the tendency for governments and payers to reduce prices or reimbursement rates for certain drugs marketed by the Group in the countries in which it operates, or even to remove those drugs from lists of reimbursable drugs.
- The Group depends on third parties to develop and market some of its products, which generates or may generate substantial royalties for the Group, but these third parties could behave in ways that cause damage to the Group's business. The Group cannot be certain that its partners will fulfill their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance.
- Actual results may depart significantly from the objectives given that a new product can appear to be promising at a development stage, or after clinical trials, but never be launched on the market, or be launched on the market but fail to sell, notably for regulatory or competitive reasons.
- The Research and Development process typically lasts between eight and twelve years from the date of discovery to a product being brought to market. This process involves several stages; at each stage, there is a substantial risk that the Group could fail to achieve its objectives and be forced to abandon its efforts in respect of products in which it has invested significant amounts. Thus, in order to develop viable products from a commercial point of view, the Group must demonstrate, by means of pre-clinical and clinical trials, that the molecules in question are effective and are not harmful to humans. The Group cannot be certain that favorable results obtained during pre-clinical trials will subsequently be confirmed during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safety and efficacy of the product in question such that the required marketing approvals can be obtained.
- The Group must deal with or may have to deal with competition (i) from generic products, particularly in relation to Group products which are not protected by patents, such as Forlax[®] and Smecta[®] (ii), products which, although they are not strictly identical to the Group's products or which have not demonstrated their bioequivalence, may obtain a marketing authorization for indications similar to those of the Group's products pursuant to the bibliographic reference regulatory procedure (well established medicinal use) before the patents protecting its products expire. Such a situation could result in the Group losing market share which could affect its current level of growth in sales or profitability.
- Third parties might claim the benefit of intellectual property rights with respect to the Group's inventions. The Group provides the third parties with which it collaborates (including universities and other public or private entities) with information and data in various forms relating to the research, development, manufacturing and marketing of its products. Despite the precautions taken by the Group with regard to these entities, in particular of a contractual nature, they (or certain of their members or affiliates) could claim ownership of intellectual property rights arising from the trials carried out by their employees or any other intellectual property right relating to the Group's products or molecules in development.
- The Group's strategy includes acquiring companies or assets which may enable or facilitate access to new markets, research projects or geographical regions or enable the Group to realize synergies with its existing businesses. Should the growth prospects or earnings potential of such assets as well as valuation assumptions change materially from initial assumptions, the Group might be under the obligation to adjust the values of these assets in its balance sheet, thereby negatively impacting its results and financial situation.

- The marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be of both a regulatory nature (the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations) and a technical nature (difficulties in obtaining supplies of satisfactory quality or difficulties in manufacturing active ingredients or drugs complying with their technical specifications on a sufficiently reliable and uniform basis). This situation may result in inventory shortages and/or in a significant reduction in the sales of one or more products. More specifically, in their US Hopkinton facility, Lonza, our supplier of IGF-1 (Increlex[®] drug substance), is experiencing manufacturing issues with Increlex[®]. Supply interruption occurred in mid-June 2013 in the US and in Q3 2013 in Europe and the rest of the world. On December 18th 2013, Ipsen announced that Lonza had successfully re-manufactured the active ingredient of Increlex[®] and that the European Medicines Agency (EMA) had been informed that Ipsen was preparing for the resupply of Increlex[®] in the European Union. Resupply in the US is still pending. Lonza is working closely with the Food and Drug Administration (FDA) to address these issues.
- In certain countries exposed to significant public deficits, and where the Group sells its drugs directly to public hospitals, the Group could face discount or lengthened payment terms or difficulties in recovering its receivables in full. The Group closely monitors the evolution of the situation in Southern Europe where hospital payment terms are especially long. More generally, the Group may also be unable to purchase sufficient credit insurance to protect itself adequately against the risk of payment default from certain customers worldwide. Such situations could negatively impact the Group's activities, financial situation and results.
- In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings. Ipsen Pharmaceuticals, Inc. has received an administrative demand from the United States Attorney's Office for the Northern District of Georgia seeking documents relating to its sales and marketing of Dysport[®] (abobotulinumtoxinA) for therapeutic use. Ipsen's policy is to fully comply with all applicable laws, rules and regulations. Ipsen is cooperating with the U.S. Attorney's Office in responding to the government's administrative demand.
- The cash pooling arrangements for foreign subsidiaries outside the euro zone expose the Group to financial foreign exchange risk. The variation of these exchange rates may impact significantly the Group's results.

Major developments in 2013

During 2013, major developments included:

- On January 17, 2013 – Teijin Pharma Limited, the core company of the Teijin Group's healthcare business, and Ipsen announced the launch of Somatuline[®] 60/90/120 mg for subcutaneous injection in Japan for the treatment of acromegaly and pituitary gigantism (when response to surgical therapies is not satisfactory or surgical therapies are difficult to perform). In Japan, Teijin Pharma holds the rights to develop and market the drug.
- On January 24, 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced that they entered into an Asset Purchase Agreement (APA) whereby Baxter International (Baxter) agree to acquire the worldwide rights to OBI-1, a recombinant porcine factor VIII (rpFVIII) in development for congenital hemophilia A with inhibitors and acquired hemophilia A, and Ipsen's industrial facility in Milford (Boston, MA). The APA was filed on 23 January 2013, with the US Federal Bankruptcy Court in Boston (MA). The sale is a result of joint marketing and sale process pursued by Ipsen and Inspiration shortly after Inspiration filed for protection under Chapter 11 of the U.S. Bankruptcy Code on October 30, 2012. The APA is subject to certain closing conditions, including Bankruptcy Court and regulatory approvals. Ipsen has agreed to extend the DIP to Inspiration for a period of 45 days i.e. for an additional amount of up to c. \$5 million.
- On 6 February 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced that they entered into an Asset Purchase Agreement (APA) whereby Cangene Corporation (Cangene) agrees to acquire the worldwide rights to IB1001, a recombinant factor IX (rFIX) for the treatment of hemophilia B. Under the terms of the APA, Cangene has agreed to pay \$5.9 million upfront, up to \$50 million in potential additional commercial milestones as well net sales payments equivalent to tiered double digit percentage of IB1001 annual net sales. The APA is subject to certain closing conditions including Bankruptcy Court approval.
- On 7 February 2013 – Ipsen and Braintree Laboratories, Inc., a US-based company specializing in the development, manufacturing and marketing of specialty pharmaceuticals announced that Eziclen[®] / Izinova[®] (BLI-800) successfully completed its European decentralized registration procedure involving sixteen countries. The product will be indicated in adults for bowel cleansing prior to any procedure requiring a clean bowel (e.g. bowel visualization including bowel endoscopy and radiology or surgical procedure).
- On 20 February 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced the closing of the sale of the proprietary hemophilia B product, IB1001 (recombinant FIX), to Cangene Corporation (Cangene). Ipsen and Inspiration jointly agreed to sell their respective commercialization rights to IB1001 as part of the transaction. Cangene acquired worldwide rights to IB1001, a recombinant factor IX currently under regulatory review in the United States and Europe.
- On 21 March 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced the closing of the sale of its lead hemophilia program, OBI-1 to Baxter International Inc. (Baxter), the global leader in hemophilia. Baxter acquired worldwide rights to OBI-1, a recombinant porcine factor VIII in development for the treatment of congenital hemophilia A with inhibitors and acquired hemophilia A, as well as Ipsen's manufacturing facility for OBI-1 in Milford, MA. The Ipsen employees working on the development and manufacturing of OBI-1 were offered employment by Baxter. Baxter has agreed to pay \$50 million upfront, up to \$135 million in potential additional development and sales milestones as well as tiered net sales payments ranging from 12.5% to 17.5% of OBI-1 global net sales. OBI-1 is currently in a pivotal trial for the treatment of individuals with acquired hemophilia A. As Inspiration's only senior secured creditor and as the owner of non-Inspiration assets that will be included in the sale of both OBI-1 and IB1001, Ipsen will receive at least 60% of the upfront payments. Over and above these upfront amounts, Ipsen will receive 80% of all payments up to a present value of \$304 million and 50% of all proceeds thereafter.
- On 9 April 2013 – Ipsen announced that Health Canada had granted a marketing authorization for Dysport[®] (Botoxulinum toxin type A for injection) for the temporary improvement in the appearance of moderate to severe frown lines (glabellar lines) in adult patients younger than 65 years of age. Medicis Aesthetics Canada, a division of Valeant Pharmaceuticals, will market Dysport[®] for use in aesthetic medicine in Canada.
- On 10 April 2013 – PeptiDream Inc., a Tokyo-based pharmaceutical company (PeptiDream), and Ipsen, a global specialty driven pharmaceutical Group, announced that they have entered into a research

collaboration and license option agreement to discover, evaluate, potentially develop and launch therapeutic peptides to treat serious medical conditions in areas of therapeutic focus for Ipsen.

- On 24 April 2013 – Upon proposal of the Appointments and Governance Committee, the Board of Directors of Ipsen will propose to the Combined Shareholders' Meeting to be held on 31 May 2013 the renewal of the terms of office as Directors of Mr. Antoine Flochel and Mr. Gérard Hauser and the appointment as a Director of Mrs. Martha Crawford in replacement of Mr. Klaus-Peter Schwabe who did not request the renewal of his term of office.
- On 25 April 2013 – Ipsen announced that the supplier of Increlex[®]s (mecasermin [rDNA origin] Injection) active ingredient, Lonza, was facing manufacturing issues with Increlex[®] at its Hopkinton site (MA, USA). Lonza has been working closely with the Food and Drug Administration (FDA) to address these issues. Ipsen has been diligently addressing management of the shortage period to reduce its impact on the patients and their families. The supply interruption occurred in mid-June 2013 in the US and in Q3 2013 in Europe and the rest of the world. Re-supply before the end of 2013 is not currently anticipated.
- On 25 April 2013 – Active Biotech and Ipsen announced that the companies have updated the analysis plan for the 10TASQ10 trial, a global Phase III clinical trial evaluating tasquinimod in patients with metastatic castrate-resistant prostate cancer (mCRPC) who have not yet received chemotherapy. The companies now plan to conduct the primary PFS analysis for the 10TASQ10 trial in 2014, at the same time as the first interim overall survival (OS) analysis. The time point for the OS interim analysis will be driven by the number of OS events. The specified number of radiographic progression-free survival (PFS) events for the primary end-point will have been exceeded at the time of interim OS analysis.
- On 14 June 2013 – Ipsen announced that, as part of the accelerated execution of its strategy in the USA, the Group adopted a new organizational model for the distribution of Dysport[®] in therapeutic indications. With the growing importance of market access and payer driven decisions in healthcare, Ipsen is shifting its business model toward account management in the USA. As such, the Dysport[®] sales force has been optimized and refocused on key accounts, which will allow the Group to better serve physicians and patients. The costs arising from this reorganization are not expected to be material for the Group.
- On 11 July 2013 – Ipsen announced results from the primary endpoint of the CLARINET[®] study, assessing the effect of Somatuline[®] Autogel[®] 120 mg on tumor progression-free survival in patients with gastroentero and pancreatic neuroendocrine tumors (GEP-NETs). Treatment with Somatuline[®] Autogel[®] 120 mg was found to be statistically significantly superior to placebo in extending time to either disease progression or death. The safety profile observed in the study is consistent with the known safety profile of Somatuline[®]. Comprehensive results from this study were disclosed at the 2013 European Cancer Congress (Sept. 27 – Oct. 1, 2013). CLARINET[®] provides medically important results as it is the first large scale placebo-controlled randomized study to demonstrate the antitumoral activity of a somatostatin analog in non-functioning GEP-NETs.
- On 15 July 2013 – Ipsen announced the closing of the acquisition of Syntaxin, a UK-based private life sciences company specialized in botulinum toxin engineering. Under the terms of the agreement, Ipsen will pay €28 million upfront, as well as further contingent payments that could reach €130 million or more depending on the achievement of development and commercial milestones. Furthermore, Syntaxin's shareholders will receive the greater part of additional downstream payments related to the company's most advanced asset, currently in Phase II clinical trials. The transaction fits into Ipsen's strategy to reinforce its core technological platforms, peptides and toxins. Syntaxin has a wealth of experience in botulinum toxin biology, supported by an extensive patent portfolio – with 75 granted patents and over 130 patents pending. Syntaxin and Ipsen started collaborating in 2010. In 2011, they signed a global strategic partnership to explore the discovery and development of new compounds in the field of recombinant botulinum toxins. Syntaxin's team has used its extensive expertise in the discovery of new therapeutic candidates while Ipsen applied its skills to pharmacological, preclinical and clinical assessment of the compounds. Prior to the transaction, Ipsen owned c.10% of Syntaxin's capital on a fully diluted basis.
- On 15 July 2013 – Ipsen announced that it had initiated a research and development collaboration on novel engineered botulinum toxins with Harvard Medical School (Harvard). Under the terms of the agreement, Ipsen will fund Harvard research for at least three years with the aim to discover, evaluate and develop novel engineered recombinant botulinum toxins for the treatment of serious neurologic diseases. The collaboration will combine Harvard's discovery platform and botulinum toxins engineering expertise with Ipsen's know-how in drug discovery and pharmaceutical R&D. Ipsen will have exclusive

worldwide rights on any candidate recombinant toxin stemming from the collaboration. Ipsen will be responsible for the development and marketing of the new toxins and will make associated upfront, milestones and royalty payments to Harvard.

- On 29 August 2013 – Ipsen announced the departure of Eric Drapé, Executive Vice-President, Technical Operations. Christel Bories, Deputy CEO, takes over his responsibilities on an interim basis.
- On 29 August 2013 – Ipsen and Allergan have signed an agreement to settle their dispute on patents for the therapeutic use of botulinum toxin in urology indications. This agreement will not impact the Group's treasury.
- On 17 September 2013 – Ipsen announced positive top line results from the primary endpoint of the ELECT[®] study, assessing the effect of Somatuline[®] Autogel[®] / Somatuline[®] Depot[®] (lanreotide) Injection 120 mg on the control of symptoms in patients with neuroendocrine tumors (NETs) associated with carcinoid syndrome. Treatment with Somatuline[®] was found to be statistically significantly superior to placebo in decreasing the number of days patients needed to use rescue medication (subcutaneous somatostatin analogues i.e., octreotide) to control symptoms associated with carcinoid syndrome.
- On 26 September 2013 – Ipsen announced plans to relocate its U.S. R&D operations in 2014 from Milford to Cambridge, MA – a leading hub for biotechnology research. This site will be key for innovation in targeted therapies across Ipsen's specialty areas as well as a center of excellence for peptides.
- On 28 September 2013 – Ipsen announced that results from CLARINET[®] Phase III clinical trial presented at the 2013 European Cancer Congress showed the antiproliferative effect of Somatuline[®] (lanreotide) 120 mg injection in the treatment of non-functioning gastroentero and pancreatic neuroendocrine tumors (GEP-NETs). CLARINET[®] met its primary endpoint by demonstrating that treatment with Somatuline[®] Autogel[®] / Somatuline[®] Depot[®] (lanreotide) Injection 120 mg was associated with a statistically significant reduction of the risk of disease progression or death by 53% vs. placebo (hazard ratio 0.47, 95% CI: 0.30–0.73; p=0.0002). This result is based on the observation that 62% of GEP-NET patients treated with Somatuline[®] had not progressed or died versus 22% with placebo over the follow-up period (Kaplan-Meier estimates). The median progression free survival was not reached (beyond 2 years) in the Somatuline[®] group versus 18 months in the placebo group.
- On 2 October 2013 – Ipsen announced its new organization project as well as the new composition of the Executive Committee to accelerate the implementation of the Group's strategy. The objective of the new organization is to continue to develop Specialty Care with the creation of two divisions represented at the Executive Committee level: Specialty Care Franchises and Specialty Care Commercial Operations. The project will also intensify the optimization of Primary Care activities with the creation of a dedicated Business Unit.
- On 7 October 2013 – PeptiDream Inc., a Tokyo-based pharmaceutical company, and Ipsen announced that they had expanded the scope of their April 2013 research collaboration and license option agreement to discover, evaluate, potentially develop and launch therapeutic peptides to treat serious medical conditions in areas of therapeutic focus for Ipsen.
- On 9 October 2013 – Active Biotech and Ipsen announced that Active Biotech, under the terms of the co-development and commercialization agreement on the novel candidate drug tasquinimod, had received a milestone payment of 12 million euros from Ipsen.
- On 12 December 2013 – Ipsen announced the appointment of Dominique Brard as Executive Vice President in charge of Human Resources of the Ipsen group, in place of Etienne de Blois. Dominique will be a member of Ipsen's Executive Committee. She took up her new position on January 6th, 2014, reporting directly to Christel Bories, Deputy CEO of Ipsen.
- On 17 December 2013 – Ipsen announced positive initial results from the double-blind phase III study of Dysport[®] (abobotulinumtoxinA) in Adult Upper Limb spasticity. Regarding the primary endpoints, treatment with Dysport[®] showed statistically significant response versus placebo in the improvement of muscle tone, as measured by the Modified Ashworth Scale (MAS). In addition, a statistically significant clinical benefit for the patients treated with Dysport[®] was demonstrated versus placebo, as measured by the Physician Global Assessment (PGA). The safety profile observed in the study was consistent with the known safety profile of Dysport[®] in this indication. Comprehensive results from this double-blind study will be disclosed in the next few months at major international congresses.

- On 18 December 2013 – Ipsen announced that Lonza had successfully re-manufactured the active ingredient of Increlex[®] (mecasermin [rDNA origin] Injection) and that the Group was preparing for the resupply of Increlex[®] in Europe. A resupply plan was communicated to the European Medicines Agency. Consultations with the EU Member States' national competent authorities are now in process to allow immediate resupply.
- On 18 December 2013 – Ipsen and Mayoly Spindler announced the signing of a cross-promotion agreement for their primary care activities in France. Through the creation of a co-managed commercial platform, the two companies will leverage their complementary competencies and product portfolios. Mayoly Spindler will benefit from Ipsen's experience in the promotion of medicines to general practitioners in France, in particular in the fields of gout and gastroenterology. In parallel, Ipsen will benefit from Mayoly Spindler's experience in pharmacies. This agreement leverages the complementarity of each company's product portfolio. In the field of gastroenterology, Meteospasmyl[®], indicated to treat abdominal spasms, is complementary to Ipsen's product range which includes Smecta[®] and Forlax[®]. In the field of rheumatology, Colchicine[®] will complement Ipsen's Adenuric[®]. Under the terms of the agreement, each company will continue to book the sales of its own products.

After 31 December 2013, major developments included:

- On 10 January 2014 – Ipsen announced the appointment of Jonathan Barnsley as Executive Vice President in charge of Technical Operations. He will be a member of the Executive Committee of the Ipsen group. He will take up his new position on April 1st, 2014, reporting directly to Christel Bories, Deputy CEO of the Ipsen group.
- On 14 January 2014 – Ipsen and GW Pharmaceuticals plc announced that they have entered into an exclusive agreement for Ipsen to promote and distribute Sativex[®], a sublingual cannabis extract spray intended for the treatment of spasticity due to multiple sclerosis in Latin America (excluding Mexico and the Islands of the Caribbean). GW will be responsible for commercial product supply to Ipsen. GW Pharmaceuticals and Ipsen aim to start regulatory filings in selected countries in Latin America during 2014 for the multiple sclerosis spasticity indication.
- On 14 January 2014 – Ipsen announced its decision to set up its own oncology team to commercialize Somatuline[®] Depot[®] (lanreotide) 120 mg Injection in neuroendocrine tumors in the US. Over the past few months, the Group had been considering both a "go-it-alone" and a partnership strategy following the communication of the data from the investigational CLARINET[®] phase III clinical study evaluating the antiproliferative effect of Somatuline[®] in the treatment of non-functioning gastrointestinal & pancreatic NETs (GEP NETs). Ipsen expects that these encouraging results will support a key long-term opportunity for the Group to access an US addressable market in excess of 500 million dollars¹. Ipsen considers success in the US as a strategic priority. The "go-it-alone" option maximizes long term value creation and helps the US affiliate in reaching critical mass. Ipsen anticipates filing a Supplemental New Drug Application seeking an indication for Somatuline[®] in NETs in the first half of 2014. Maximum incremental annual cost associated with the launch of Somatuline[®] in the NET indication in the US is expected to range from 30 million euros to 40 million euros. As a result, US breakeven², initially expected in 2014, is postponed to 2017. Ipsen will continue to implement cost containment initiatives to minimize impact on overall Group profitability.
- On 17 January 2014 – Ipsen announced at ASCO GI that ELECT[®] clinical trial of Somatuline[®] in the control of symptoms in GEP-NET patients with carcinoid syndrome met its primary endpoint. Results of the ELECT[®] phase III study (poster 268) showed that treatment with Somatuline[®] 120 mg versus placebo resulted in a statistically significant reduction in the number of days in which immediate release octreotide was used as rescue medication, representing a mean difference of -14.8% (95%CI: -26.8, -2.8; p = 0.017). Somatuline[®] significantly improved the rates of complete/partial treatment success versus placebo (odds ratio = 2.4; 95%CI: 1.1, 5.3; p = 0.036).
- On 22 January 2014 – Ipsen announced the implementation of new governance in the United States, following its recently announced decision to launch Somatuline[®] for oncology indications. Marc de Garidel will personally oversee this projected launch. Cynthia Schwalm will join Ipsen's US Operations to head up the Endocrinology/Oncology Business Unit as of 3 February, 2014. As of mid-August 2014, she will take over as General Manager of the US commercial affiliate.

¹ Ipsen 2013 estimates of US NET market

² Commercial contribution excluding Increlex[®] (mecasermin [rDNA origin]) Injection sales and revenues from U.S. collaboration with Valeant Pharmaceuticals Intl Inc. in aesthetic medicine

Government measures

In the current context of financial and economic crisis, the governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which have affected the Group sales and profitability in 2013. In addition, certain measures introduced in 2012 have continued to affect the Group's accounts year-on-year.

Measures impacting 2013

In the Major Western European countries:

- In France, Tanakan[®] was delisted on 1st March 2012. Moreover, sales of Nisis[®]/Nisisco[®] and Forlax[®] were negatively impacted by a step-up in the regulation known as “Tiers-payant” in July 2012, whereby the patient must pay upfront for a branded drug at the pharmacy – when genericized – and is reimbursed only later on. In addition, health authorities imposed price cuts of 5.5% on NutropinAq[®] in June 2013 and 12.5% on Nisis[®]/Nisico[®] in October 2013;
- In Spain, Tanakan[®] was delisted on 1st September 2012. The new draft of the Royal Decree that establishes the prices for products that have been marketed for more than 10 years was issued in March 2013 and affects all the LhRH (*Luteinizing hormone-Releasing Hormone*) analogues. The application of the final version was expected in Q3 2013, but was finally postponed to Q1 2014;
- In Italy, the price alignment of LhRH regional tenders is not yet applicable due to the political context.

In the Other European countries:

- In Belgium, a modulated price decrease of 1.95% on reimbursed products has been applicable since 1st April 2013 on top of the Inami tax;
- In the Netherlands, the NZA (Dutch health authority) transferred the budget for Growth Hormones from retail to hospital and introduced a new reimbursement system on 1st January 2013. The publication of the list containing the next wave of drugs to move to hospital budget was officially delayed. In both April 2013 and October 2013, Ipsen products were affected by price revisions due to the application of international reference pricing. This led to price increases on Decapeptyl[®], Dysport[®] and Somatuline[®] and to a price decrease on NutropinAq[®];
- In Finland, a general price cut of 5% was applied on all drugs as of 1st February 2013;
- In Portugal, new countries were included in the basket for the international reference pricing system, such as Slovakia, Spain and France. For retail products, the rule is to take the average of the basket. For hospital products, the rule is to take the lowest price of the basket. There is no significant impact on Ipsen's products. New measures published in 2013 called for a 6.0% price cut on all drugs and for a contribution of the pharmaceutical industry to the decrease of healthcare spending through the setup, by every pharmaceutical company, of a provision fund equal to 2.0% of sales;
- In Greece, the new reimbursement list based on hybrid ATC4 classification and patient co-payment amounts was implemented, replacing the former reimbursement rule. A new price bulletin was published on 1st April 2013 impacting all LhRH analogues. Following negotiations with the Greek Ministry of Health, the price of Increlex[®] was increased by 1.25% in September 2013 to account for its orphan drug status;
- In Latvia, a national tender for LhRH analogues was put in place by local authorities in order to avoid parallel trades. A new reference basket was set up in July 2013. Initially, the basket was composed of all members of the European Union but now comprises Lithuania, Estonia, Czech Republic, Slovakia, Romania, Hungary, and Denmark. The reference pricing rule remains unchanged and calls for taking the 3rd lowest price of the basket;
- In Czech Republic, the VAT on drugs was increased from 14% to 15% in January 2013. New prices were published on 1st January 2013. They stem from the international reference pricing system (average of the 3 lowest prices in 18 countries of the EU). Moreover, since January 2013, Growth Hormones are no longer considered a hospital product and are now subject to price revisions;
- In Slovakia, new prices were published on 1st June 2013. They were the result of the international reference pricing system based on the average of the 3 lowest prices prevailing in the 28 countries of the EU;

- In Poland, a new reimbursement limit was set after the launch of a competing product to Decapeptyl®. It led to the introduction of patient co-payments since 1st January 2013 and, thereafter, to a general price decrease by the industry as a way of compensating;
- In Romania, whereas prices are generally revised annually in March, the Ministry of Health has decided to freeze medicine prices until the end of 2013. In the meantime, the price setting methodology for new products will remain unchanged.

In the Rest of the World:

- China is still working on its international reference pricing system, which would include ten countries such as the USA, France, Germany, South Korea and Japan. However, there was no sign of further implementation or control at this time. Earlier this year, Tanakan® was included on the Essential Drug List (EDL), a decision usually accompanied by a price decrease;
- In Algeria, the “Ministère du Travail, de l'Emploi et de la Sécurité Sociale” (Ministry of Labour, Employment and Social Security) has finalized its List of Reference Tariffs (LTR). Class referencing on GnRH (*Gonadotropin-Releasing Hormone*) analogs was confirmed in October 2013 and is expected to be implemented in the first months of 2014. Once effective, the price of Decapeptyl® will be aligned with that of the cheapest molecule;
- In Colombia, the “National Committee of Drug Prices” (*Comisión Nacional de Precios de Medicamentos*) announced its intention to regulate the price of 195 medicines, including that of Somatuline®. New prices have been effective since their publication in the official gazette on 23rd August 2013.

Furthermore, and in the context of the financial and economic crisis, governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which will affect the Group sales and profitability beyond 2013.

Measures impacting 2014 and beyond

In the Major Western European countries:

- In France, Smecta® experienced a first price cut of 7.5% on 1st January 2014 and will experience a second 7.5% cut on 1st July 2014. Fortrans® price was cut 6.5% on 1st January 2014;
- In Germany, the government decided to partially revoke the AMNOG (The Pharmaceuticals Market Reorganisation Act) legislation introduced in 2010. Among other things, the pricing act entailed a mandatory 16% sales rebate for all prescription drugs, which has been reduced to 7% effective 1st January 2014;
- In Italy, the cap for pharmaceutical hospital expense was increased from 2.4% to 3.5% of hospital expenditure. In addition, pharmaceutical companies will have to pay 50.0% of any extra expenditure beyond this cap level. Also, Hexvix® will now be reimbursed at national level instead of being included in hospital budgets, which led to an official 6.5% price decrease;
- In the UK, a new PPRS (*Pharmaceutical Price Regulation Scheme*) was voted. It will have no impact on NHS prices, but will require a contribution estimated at less than 4% of net NHS sales in 2014, with a further increase anticipated in the following years. Moreover, tendering negotiations in 2014 will no longer take place by account (hospital) but by region.

In the Other European countries:

- In Portugal, the outcome of negotiations between the pharmaceutical industry and the Ministry of Health on the reimbursement threshold borne by the industry is expected soon. The final 2012 reimbursement amount is not yet confirmed, nor is the 2013 threshold. The final agreement will very much depend on the level of drug expenditure reached in 2013 as a percentage of GDP. Moreover, a new 3.0% tax, to become effective in 2014, has also been introduced on all hospital business. Finally Slovenia replaced Slovakia in the basket for the international reference pricing system;
- In Greece, claw-back will potentially be adjusted by year-end and the target set by the Ministry of Health for 2013 currently stands at €2.44 billion. The government is aiming at €2 billion for 2014;

- In Belgium, the international reference pricing system was updated with new rules and a reference basket of 6 countries (France, Germany, the Netherlands, Austria, Ireland and Finland). The system has not yet been implemented;
- In the Netherlands, the new price list stemming from international price referencing has been published in October 2013;
- In Sweden, TLV (The Dental and Pharmaceutical Benefits Agency) announced that all products made out of a substance that has been registered for more than 15 years will have to lower their prices. A 7.5% price reduction will apply to all formulations of NutropinAq[®] and Decapeptyl[®] as of 1st January 2014;
- In Croatia, Czech Republic replaced France in the basket of countries included in the international reference pricing system;
- In Serbia, as of 1st July 2013, the Ministry of Health decided to include Romania in the basket of countries used for the calculation of international reference pricing. The rule is to take the average of the prices prevailing in Croatia, Slovenia, Italy and Romania;
- In Poland, a new legal act has been published leading to price reductions on Decapeptyl[®] and Somatuline[®] as of 1st January 2014;
- In Slovakia, as of 1st March 2014, a price decrease based on the average of the 3 lowest prices in the EU 28 will apply to several Ipsen products;
- In Slovenia, therapeutic reference pricing was introduced in June 2013 but does not yet apply.

In the Rest of the World:

- In Latin America, twelve countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam, Uruguay, and Venezuela) agreed to create a regional drug-pricing database in order to harmonize drug prices in the region. At this stage, there has been no new announcement regarding this project;
- In Colombia, the application of international price referencing will affect the price of Dysport[®] 500U, after having impacted that of Somatuline[®] in August 2013;
- In Brazil, class referencing has been introduced for the public market. Hence, due to competition, the price of Dysport[®] 500U could be reduced every year over the next 4 years;
- In Tunisia, the Somatuline[®] Autogel[®] range was officially registered in Q4 2013, which will drive the “Pharmacie Centrale Tunisienne” import price of Somatuline[®] down in 2014;
- In Algeria, Ipsen had to renew the Marketing Authorization for all its Primary Care products before the end of 2013. This process could lead to price revisions in the first semester of 2014;
- In Morocco, due to class referencing, the price of Decapeptyl[®] 3M should be cut by 20% following the potential introduction of a Goserelin generic in the early months of 2014;
- In China, the price of Tanakan[®] could be cut in May 2014, following its inclusion on the Essential Drug List (EDL) in the ginkgo biloba extract category. Ipsen is contemplating different scenarios going forward;
- In Korea, the volume-price control implemented since 2011 will end in 2014, with an ultimate 7% price cut on Decapeptyl[®] in January 2014.

Comparison of consolidated sales for the fourth quarters and full year of 2013 and 2012:

Note: Unless otherwise stated, all variations in sales are expressed excluding foreign exchange.

Sales by geographical area

Group sales by geographical area in the fourth quarters and full years 2013 and 2012 were as follows:

(in million euros)	4 th Quarter				12 Months			
	2013	2012	% Change	% Change at constant currency	2013	2012	% Change	% Change at constant currency
France	52.7	58.7	(10.2%)	(10.2%)	218.0	246.3	(11.5%)	(11.5%)
United Kingdom	15.4	14.7	5.2%	9.4%	57.3	56.6	1.3%	6.1%
Spain	14.0	14.0	(0.2%)	(0.2%)	56.6	56.8	(0.4%)	(0.4%)
Germany	20.6	19.6	5.2%	5.3%	84.1	77.0	9.1%	9.1%
Italy	18.8	18.3	2.4%	2.4%	81.3	81.7	(0.6%)	(0.6%)
Major Western European countries	121.5	125.2	(3.0%)	(2.6%)	497.3	518.5	(4.1%)	(3.6%)
Eastern Europe	49.2	43.6	12.8%	18.3%	184.9	169.1	9.3%	12.5%
Others Europe	34.4	33.1	3.9%	4.7%	144.5	136.9	5.5%	5.9%
Other European Countries	83.6	76.7	9.0%	12.3%	329.4	306.0	7.6%	9.5%
North America	14.2	18.2	(22.0%)	(18.0%)	64.2	72.8	(11.7%)	(8.7%)
Asia	41.8	43.2	(3.2%)	0.1%	177.3	167.3	6.0%	7.4%
Other countries in the Rest of the world	32.0	31.6	1.5%	10.2%	156.5	154.8	1.1%	6.8%
Rest of the World	73.8	74.7	(1.2%)	4.2%	333.9	322.2	3.6%	7.1%
Group Sales	293.0	294.9	(0.6%)	2.0%	1,224.8	1,219.5	0.4%	2.2%
Of which: Total Drug Sales	287.4	288.2	(0.3%)	2.4%	1,191.3	1,187.0	0.4%	2.1%
Drug-related Sales*	5.6	6.6	(15.2%)	(14.3%)	33.5	32.5	3.1%	4.2%

* Active ingredients and raw materials

In the fourth quarter 2013, sales generated in the **Major Western European countries** amounted to €121.5 million, down 2.6% year-on-year. In 2013, sales generated in the major Western European countries amounted to €497.3 million euros, down 3.6% year-on-year. The growth of specialty care products was more than offset by the consequences of a tougher competitive environment in the French primary care market. Sales in the Major Western European countries represented 40.6% of total Group sales in 2013, compared to 42.5% the previous year.

France – In the fourth quarter 2013, sales reached €52.7 million, down 10.2% year-on-year. In 2013, sales reached €218.0 million, down 11.5% year-on-year, affected by the continuous decline of primary care sales, despite the strong resilience of Smecta[®] sales, stable year-on-year. Moreover, sales of Tanakan[®] were impacted by the delisting of the product since March 2012 and by the launch of a competitive product in March 2013. Finally, since July 2012, sales of the Group's genericized drugs (Nisis[®]/Nisisco[®] and Forlax[®]) were negatively impacted by the step-up of the regulation known as "Tiers-Payant¹". In specialty care, sales were slightly down in 2013, despite the strong volume growth of Somatuline[®] and NutropinAq[®]. Sales of specialty care products were mainly impacted by the decline in Decapeptyl[®] sales, notably arising from the collateral effects of the sales force restructuring. Consequently, the relative weight of France in the Group's consolidated sales has continued to decrease and now represents 17.8% of total Group sales, compared to 20.2% the previous year.

¹ With the "Tiers-Payant" regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

United Kingdom – In the fourth quarter 2013, sales reached €15.4 million, up 9.4% year-on-year. In 2013, sales reached €57.3 million, up 6.1%, notably fuelled by the strong volume growth of Decapeptyl[®] and the sustained growth of Somatuline[®]. Over the period, the United Kingdom represented 4.7% of total Group sales, in line with the previous year.

Spain – In the fourth quarter 2013, sales reached €14.0 million, slightly down 0.2% year-on-year. In 2013, sales reached €56.6 million, slightly down 0.4% year-on-year in a significantly contracting Spanish pharmaceutical market. Moreover, the delisting of Tanakan[®] since September 2012 negatively impacted the product's sales. In a difficult context, Somatuline[®] nonetheless posted sustained volume growth. In 2013, sales in Spain represented 4.6% of total Group sales, a ratio in line with the previous year.

Germany – In the fourth quarter 2013, sales reached €20.6 million, up 5.3% year-on-year. In 2013, sales reached €84.1 million, up 9.1% year-on-year, driven by strong volume growth of Somatuline[®], NutropinAq[®] and Hexvix[®] of respectively 32.8%, 18.3% and 14.2%. Moreover, revenues benefited from the settlement of litigation relative to the marketing rights of a Decapeptyl[®] generic in the country. Restated for this item, sales were up 7.2%. In 2013, sales in Germany represented 6.9% of total Group sales, compared to 6.3% a year earlier.

Italy – In the fourth quarter 2013, sales reached €18.8 million, up 2.4% year-on-year. In 2013, sales reached €81.3 million, slightly down 0.6% year-on-year. The deterioration of the economic environment affected the budget of regional health funds, which have consequently implemented austerity policies, mainly targeting hospital products. Italy represented 6.6% of 2013 consolidated Group sales, a stable ratio year-on-year.

In the fourth quarter 2013, sales generated in the **Other European countries** reached €83.6 million, up 12.3% year-on-year. In 2013, sales amounted to €329.4 million, up 9.5%. Sales growth was mainly driven by the good performance of Russia where primary care (notably Fortrans[®], Tanakan[®] and Smecta[®]) and specialty care (notably Dysport[®] and Decapeptyl[®]) posted strong growth rates. Over the period, the supply of Dysport[®] for aesthetic use to Galderma contributed to growth. The Netherlands, Ukraine, Kazakhstan and Turkey notably posted strong performance. In 2013, sales in this region represented 26.9% of consolidated Group sales, compared to 25.1% a year earlier.

In the fourth quarter 2013, sales generated in **North America** reached €14.2 million, down 18.0% year-on-year, mainly impacted by the Increlex[®] supply interruption that occurred in mid-June. In 2013, sales reached €64.2 million, down 8.7%. Restated for the Increlex[®] supply interruption, sales were up 6.3% year-on-year, driven by the strong volume growth and continued penetration of Somatuline[®] in the acromegaly market, by the double-digit growth of Dysport[®] in therapeutics and by the continuous supply of Dysport[®] for aesthetic use to Valeant. In 2013, sales in North America represented 5.2% of consolidated Group sales, compared to 6.0% a year earlier.

In the fourth quarter, sales generated in the **Rest of the World** reached €73.8 million, up 4.2% year-on-year. In 2013, sales amounted to €333.9 million, up 7.1%. During the year, sales were affected by an exceptional political situation in certain Middle Eastern countries where Ipsen, in the absence of payment guarantees, had stopped supplying its products in the second quarter. Moreover, 2013 sales were affected by the performance of Decapeptyl[®] in China, where the product suffered from the disruption of hospital market promotion due to the investigation of certain pharmaceutical companies by local authorities. Sales growth was fuelled by the good performance of primary care in China (notably Smecta[®] and Etiasa[®]) and in Algeria (notably Smecta[®] and Forlax[®]), of Dysport[®] in Brazil, of Somatuline[®] in Australia, and the partnership with Sanofi in Mexico. Over the period, sales in the Rest of the World continued to grow to reach 27.3% of total consolidated Group sales, compared to 26.4% the previous year.

Sales by therapeutic area and by product

The following table shows sales by therapeutic area and by product for the fourth quarters and full year of 2013 and 2012:

(in million euros)	4 th Quarter				12 Months			
	2013	2012	% Change	% Change at constant currency	2013	2012	% Change	% Change at constant currency
Uro-oncology	79.5	77.9	2.0%	3.3%	313.0	318.7	(1.8%)	(1.2%)
of which Hexvix [®]	3.7	3.3	10.2%	10.2%	14.4	12.3	16.7%	16.7%
of which Decapeptyl [®]	75.8	74.5	1.7%	3.0%	298.6	306.4	(2.5%)	(1.9%)
Endocrinology	74.5	77.7	(4.0%)	(1.8%)	315.9	307.6	2.7%	4.3%
of which Somatuline [®]	60.3	57.3	5.4%	8.0%	246.9	225.7	9.4%	11.1%
of which NutropinAq [®]	14.0	13.9	0.7%	1.6%	56.3	53.6	5.0%	5.7%
of which Increlex [®]	0.2	6.5	(96.8%)	(96.7%)	12.7	28.3	(55.1%)	(53.9%)
Neurology	55.9	54.7	2.1%	7.9%	242.2	236.2**	2.5%	7.0%
of which Dysport [®]	55.9	54.7	2.1%	7.9%	242.2	236.1	2.6%	7.0%
Specialty Care	209.9	210.3	(0.2%)	2.6%	871.1	862.5	1.0%	3.0%
Gastroenterology	51.6	52.7	(2.1%)	(0.3%)	219.9	199.9	10.0%	11.3%
of which Smecta [®]	28.9	30.0	(3.6%)	(1.1%)	121.1	113.5	6.8%	8.1%
of which Forlax [®]	9.3	9.3	(0.7%)	0.0%	38.7	38.7	0.0%	0.3%
Cognitive disorders	18.5	17.2	7.3%	11.2%	67.2	79.0	(15.0%)	(13.3%)
of which Tanakan [®]	18.5	17.2	7.3%	11.2%	67.2	79.0	(15.0%)	(13.3%)
Cardiovascular	3.9	4.2	(8.4%)	(8.2%)	20.6	32.4	(36.5%)	(36.4%)
of which Nisis [®] & Nisisco [®]	1.8	1.5	20.0%	20.0%	7.8	18.2	(57.2%)	(57.2%)
of which Ginkor [®]	1.6	2.3	(28.5%)	(28.1%)	11.7	11.9	(1.4%)	(1.1%)
Other Primary Care	3.6	3.8	(5.6%)	(5.6%)	12.5	13.2	(5.0%)	(5.0%)
of which Adrovanse [®]	2.6	2.9	(11.4%)	(11.4%)	10.4	11.5	(9.6%)	(9.6%)
Primary Care	77.5	78.0	(0.5%)	2.0%	320.2	324.6	(1.4%)	(0.1%)
Total Drug Sales	287.4	288.2	(0.3%)	2.4%	1,191.3	1,187.0	0.4%	2.1%
Drug-related Sales*	5.6	6.6	(15.2%)	(14.3%)	33.5	32.5	3.1%	4.2%
Group Sales	293.0	294.9	(0.6%)	2.0%	1,224.8	1,219.5	0.4%	2.2%

*Active ingredients and raw materials

** The 0.1 million euros difference with Dysport[®] sales arose from a final payment received on Apokyn[®], whose North American development and marketing rights were sold to Britannia Pharmaceuticals in November 2011

In the fourth quarter 2013, sales of **Specialty Care products** reached €209.9 million, up 2.6% year-on-year. In 2013, sales reached 871.1 million, up 3.0% year-on-year or 1.0% at current exchange rate. Sales in Neurology and in Endocrinology grew by respectively 7.0% and 4.3%, while sales in Uro-oncology declined 1.2% year-on-year. In 2013, the relative weight of specialty care products continued to increase to reach 71.1% of total Group sales, compared to 70.7% the previous year.

In Uro-oncology, sales of **Decapeptyl[®]** reached €75.8 million in the fourth quarter 2013, up 3.0% year-on-year. In 2013, sales reached €298.6 million, down 1.9%. Restated for the situation in the Middle East, which occurred in the second quarter, sales were down 1.4% in 2013. This decrease took place in a strained environment in Europe, negatively impacted by a more frequent use of co-payment, a contracting pharmaceutical market in Southern Europe and a slowdown in the growth of Eastern European countries. In France, beyond the decline of the LhRH market, Decapeptyl[®] sales were affected by the consequences of the primary care sales force restructuring. Finally, sales were impacted by the toughening of the competitive environment in China with the launch of new local competitors and the disruption of hospital market promotion due to the investigation of certain pharmaceutical companies by local authorities. In 2013, sales of **Hexvix[®]** amounted to €14.4 million, mostly generated in Germany. Over the period, sales in Uro-oncology represented 25.6% of total Group sales, compared to 26.1% the previous year.

In **Endocrinology**, sales amounted to €74.5 million in the fourth quarter 2013, down 1.8% year-on-year. For the year, sales reached €315.9 million, up 4.3%, affected by the Increlex[®] shortage outstanding since mid-June in the United States and since August in Europe. Restated for Increlex[®] sales, revenues were up 10.1%. Endocrinology sales represented 25.8% of total Group sales in 2013, compared to 25.2% the previous year.

Somatuline[®] – In the fourth quarter 2013, sales reached €60.3 million, up 8.0% year-on-year. In 2013, Somatuline[®] sales reached €246.9 million, up 11.1% year-on-year, driven by strong growth in the United States, where Somatuline[®] now boasts around 50% market share¹ in acromegaly, in Germany, France, the UK, the Netherlands, Spain, Poland, Mexico and Australia.

NutropinAq[®] – In the fourth quarter 2013, sales reached €14.0 million, up 1.6% year-on-year. In 2013, sales of NutropinAq[®] reached €56.3 million, up 5.7%, driven by solid performance in Germany, France, the Netherlands, and Kazakhstan.

Increlex[®] – In the fourth quarter 2013, sales reached €0.2 million, down 96.7% year-on-year. In 2013, Increlex[®] sales reached €12.7 million, down 53.9% year-on-year. Sales were impacted by the shortage situation outstanding since mid-June in the United States and since August in Europe. On December 18th 2013, Ipsen announced that the Group was preparing for the resupply of Increlex[®] in the European Union.

In **Neurology**, **Dysport[®]** sales reached €55.9 million in the fourth quarter 2013, up 7.9% year-on-year. In 2013, sales reached €242.2 million, up 7.0% year-on-year, impacted by the the Middle East situation that took place in the second quarter 2013. Restated for this item, Dysport[®] sales were up 7.6%, driven by strong sales growth in Russia and Brazil and the continuous provision of Dysport[®] for aesthetic use to Galderma and to Valeant. Neurology sales represented 19.8% of total Group sales in 2013, compared to 19.4% a year earlier.

In the fourth quarter 2013, sales of **Primary Care** products amounted to €77.5 million, up 2.0% year-on-year. In 2013, sales amounted to €320.2 million, slightly down 0.1% year-on-year. The strong performance of China, Russia and Algeria, in particular, offset the consequences in France of the launch of a competitive product to Tanakan[®] in March 2013 and of the implementation of the regulation known as “Tiers-Payant²” in the summer 2012. Primary care sales represented 26.1% of Group consolidated sales in 2013, compared to 26.6% the previous year. Primary care sales in France accounted for 30.1% of the Group’s total primary care sales, compared to 38.1% the previous year.

In **Gastroenterology**, sales reached €51.6 million in the fourth quarter 2013, up 0.3% year-on-year. In 2013, sales amounted to €219.9 million, up 11.3% year-on-year.

Smecta[®] – In the fourth quarter 2013, sales reached €28.9 million, down 1.1% year-on-year. Smecta[®] sales for the year amounted to €121.1 million, up 8.1% year-on-year, mainly driven by strong performance in China, Russia and Algeria. Smecta[®] sales represented 9.9% of total Group sales over the period, compared to 9.3% the previous year.

Forlax[®] – In the fourth quarter 2013, sales reached €9.3 million, in line with the previous year. In 2013, sales reached 38.7 million euros, slightly up 0.3%, despite the reinforcement of the “Tiers-Payant¹” regulation in France in July 2012. Over the period, France represented 48.2% of total product sales, compared to 57.1% the previous year.

In the **cognitive disorders area**, sales of **Tanakan[®]** in the fourth quarter 2013 reached €18.5 million euros, up 11.2% year-on-year. In 2013, sales amounted to €67.2 million, down 13.3%, affected by the delisting of the product in France in March 2012, in Romania in May 2012 and in Spain in September 2012. Sales were also impacted by the launch of a competitive product in France in March 2013. Over the period, 24.3% of Tanakan[®] sales were achieved in France, compared to 32.9% the previous year.

In the **cardiovascular area**, sales amounted to €3.9 million euros in the fourth quarter 2013, down 8.2% year-on-year. In 2013, sales amounted to €20.6 million, down 36.4% year-on-year, mainly impacted by the decline of **Nisis[®] / Nisisco[®]** sales, notably arising from the reinforcement of the “Tiers-payant²” regulation in July 2012.

¹ US market share of Somatuline[®] in the sales of somatostatin analogs for acromegaly

² With the “Tiers-Payant” regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

Sales of **Other primary care products** reached €3.6 million in the fourth quarter 2013, down 5.6%. In 2013, sales reached €12.5 million, down 5.0% year-on-year, mainly impacted by the 9.6% decrease in **Adavance[®]** sales.

In the fourth quarter 2013, **drug-related sales (active ingredients and raw materials)** reached €5.6 million, down 14.3%. In 2013, sales amounted to €33.5 million, up 4.2% year-on-year.